

**ABSTRACT**

An automated system (100) and method for defining and measuring the real options of a commercial enterprise on a specified valuation date. The real options are evaluated on the basis of the relative strength of the elements of value of the enterprise. The performance of the elements of value are first summarized using composite variables. The elements of value that cause change in enterprise stock price are then determined. The relative strength of the causal elements of value for the enterprise vis a vis its competitors are then calculated. The relative ranking of the enterprise causal elements of value is then used in determining the discount rate to be used in real option valuation. The real options are then valued using Black Scholes algorithm.